

BUSINESS TRAINING MARKET ANALYSIS AND NEED ASSESSMENT in AMURSKAYA OBLAST

February 2004

Provided by Winrock International, Counterpart International, Center for Investment and Support (Prognoz), Sakhalin Association of Business People, Counterpart Enterprise Fund

Note: This report was made possible by a grant from the United States Agency for International Development through the Moscow-funded [Enhanced Small and Medium Sized Enterprise Development Project](#).

OVERVIEW

The Enhanced SME Development Project (ESD), funded by USAID/Russia, aims to strengthen small-and medium-sized enterprises (SMEs) in the Russian Far East through improved access to credit, advanced and sector-specific business skills training, and an improved regulatory environment. ESD supports the development of more sustainable SMEs and business associations through technical assistance and training.

In November and December 2003, rapid assessments were conducted to assess the current state of business training markets in six regions: Amurskaya Oblast, the Republic of Buryatia, Khabarovski Krai, Primorski Krai, the Republic of Sakha, and Sakhalin Oblast.

Business Training Market Analysis and Needs Assessment Reports were prepared for each region (see below).

METHODS

The assessments used an integrated approach combining quantitative and qualitative research. Qualitative open-ended interviews were used to gather input from training service providers, the regional administrations – departments supporting businesses, banks, and SMEs. A quantitative written survey was used to gather additional input from a wider sample of stakeholders.

ESD staff, partners, and consultants identified agencies, organizations, and individuals to include in the market analysis. Interviews were chosen as the primary data collection strategy for the market analysis because they are a good method for gathering in-depth information. Top management of training organizations and agencies, local government officials and representatives of business support institutions (BSIs) were interviewed. Interviews provided the data for the organizational assessment of current training provided and training capabilities. Categories and issues identified by the service providers and Winrock staff and consultants were then used to develop the needs assessment. In-depth interviews and a survey questionnaire were used to conduct the needs assessments in each region.

Topics covered included:

- Business issues facing the region
- Training and outreach needs, with the special emphasis on:
 - a. Identification of training needs of SMEs in advanced business skills
 - b. Sector-specific training required
 - c. Business and sector-specific associations in the region
 - d. Price that SMEs would be willing to pay for training
 - e. Training providers in the region

AMURSKAYA OBLAST MARKET ANALYSIS

Background

Prognoz Center has been conducting market research, which indicates growing demand for training and consulting services among the entrepreneurs of Amurskaya Region. To develop the Prognoz Center's strategy within the framework of the new ESD Project, Prognoz designed and distributed a new questionnaire to research the demand for consulting and educational services.

In Amur region there are more than 35,000 active SMEs. Almost 35 per one thousand citizens. Entrepreneurs use the fortunate geographical position of Amur - near North China. Business in Amur is very active; the environment is very competitive. However, innovative management is not common yet. These factors create a large demand for advanced business training.

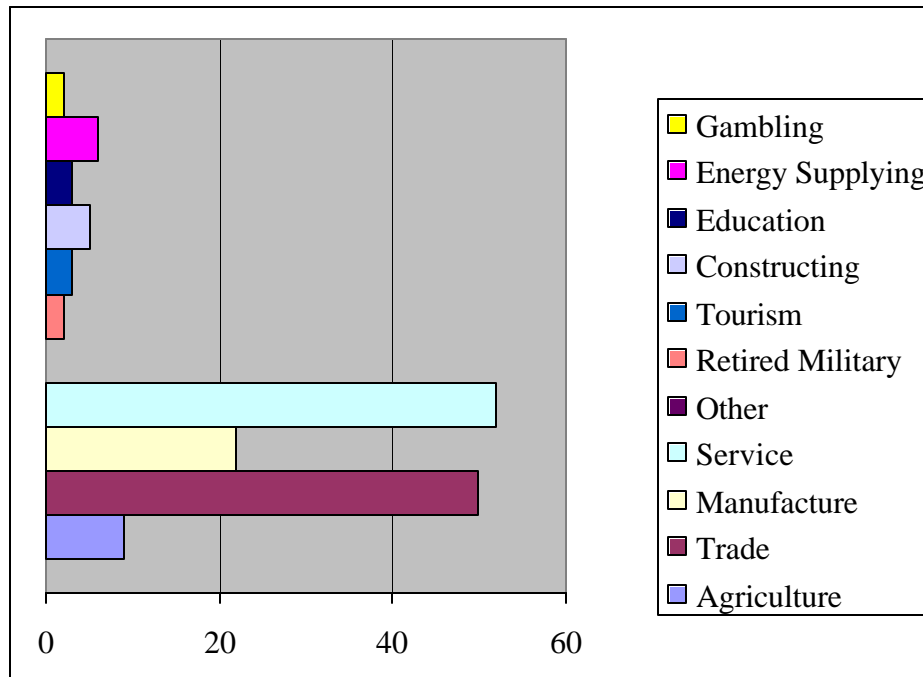
The questionnaire was given to Amurskaya Region entrepreneurs engaged in various types of business activities. The survey was conducted among 150 entrepreneurs of Blagoveschensk, Belogorsk, Raichikhinsk cities, Sadoviy settlement etc., who were primarily women. (This is explained by the growing percentage of businesswomen, who prefer to have their own business.)

Small- and medium-sized enterprises accounted for the largest percentage of respondents, large enterprises had the minor share. There are very few large enterprises in Amurskaya Region and Blagoveschensk, the Region's economy is primarily dependent on private entrepreneurs.

Results

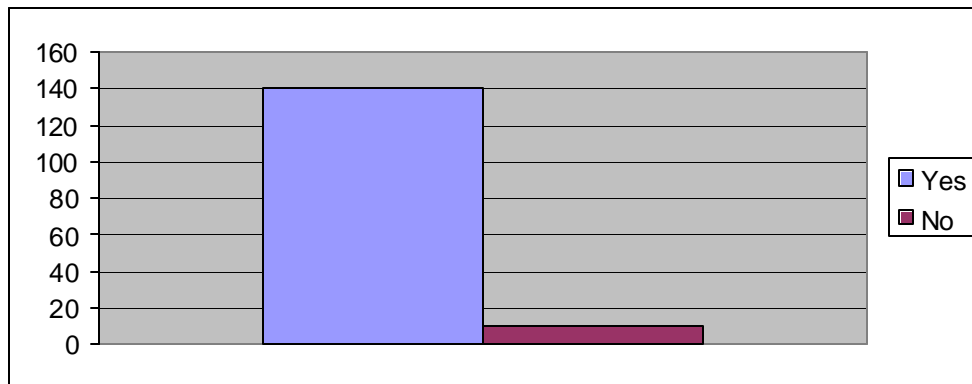
The majority of respondents were from the service and trade sectors. The service industry is ranked first, followed by trade (retail and wholesale) and production of consumer goods and foodstuffs. Agriculture (soybean production and processing) is ranked fourth, followed by construction, power engineering (private housing and communal services), tourism, education and gambling.

Figure 1



The next question related to obtaining a packet of information for business support and development with the use of highly effective technologies. This packet will include the code of new laws, methods and technologies related to business, its modification and expansion; and will be distributed via email with the use of the Center's existing database (Figure 2).

Figure 2

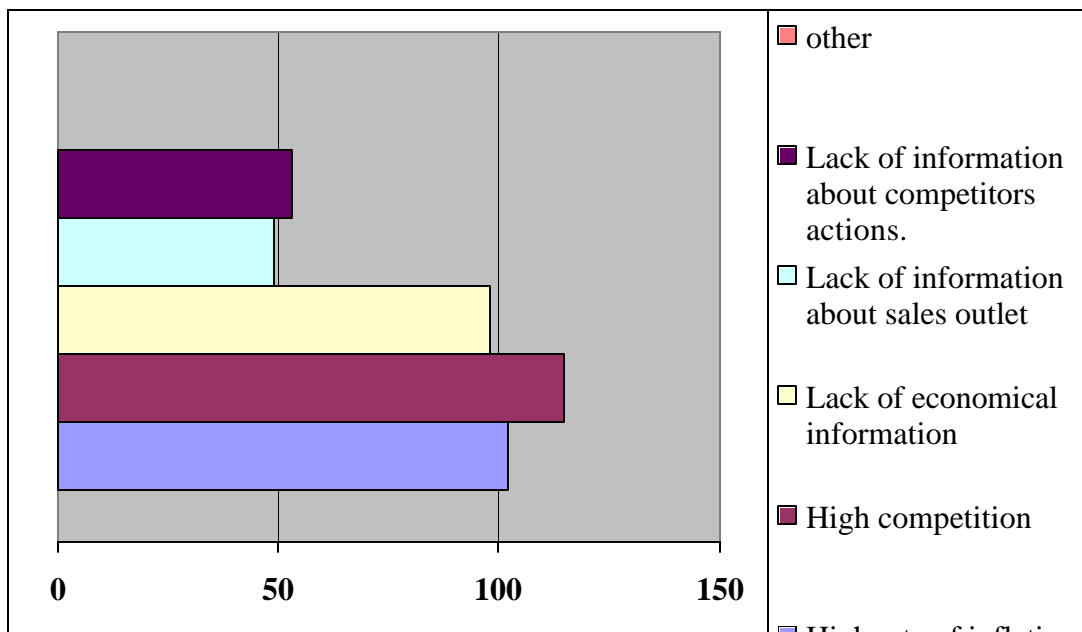


Most respondents are willing to use consulting services and they are even ready to pay for it.

According to respondents, the most critical business obstacles include high competition, high inflation levels, followed by insufficient availability of information about the economy, competitor's activities and markets. The other obstacles mentioned by some entrepreneurs were lack of good salespeople, technical means, information about potential buyers, poor customer service due to the weak economic situation in the region and difficulties in relations with the authorities from regulative institutions.

High competition may also contribute to the entrepreneur's desire to hire consultants and pay for services. Entrepreneurs will need new ways to organize business, provide effective management, and develop new strategies.

Figure 3



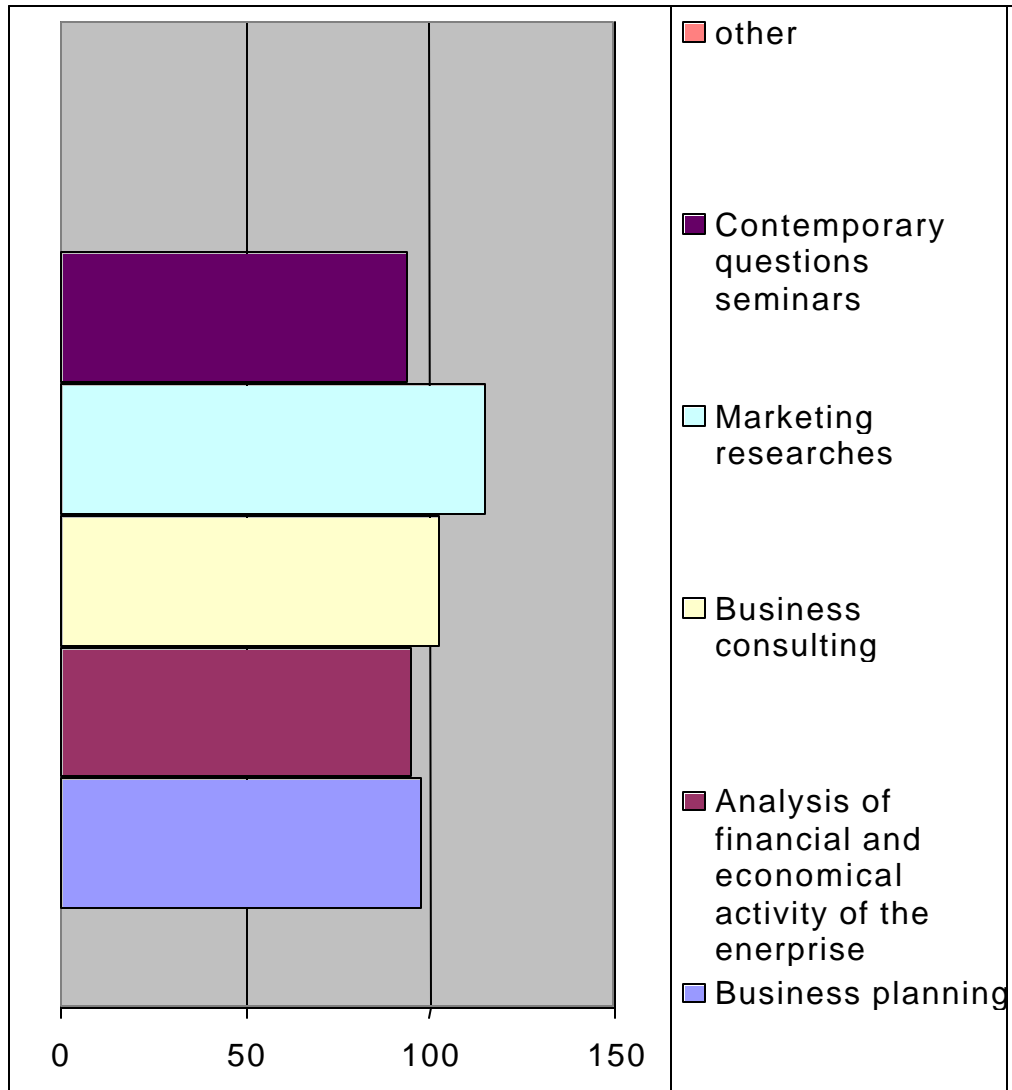
The interest in consulting on financial and operational management and critical issues enjoy approximately similar shares, which indicates that the firms most likely employ experienced financial directors or qualified accountants, which need advanced knowledge.

The most popular consulting services are marketing research; business consulting (seminars, training and individual consulting) is ranked second, which also confirms the demand for consulting services. Business planning goes next, thus confirming the demand for crediting and investment.

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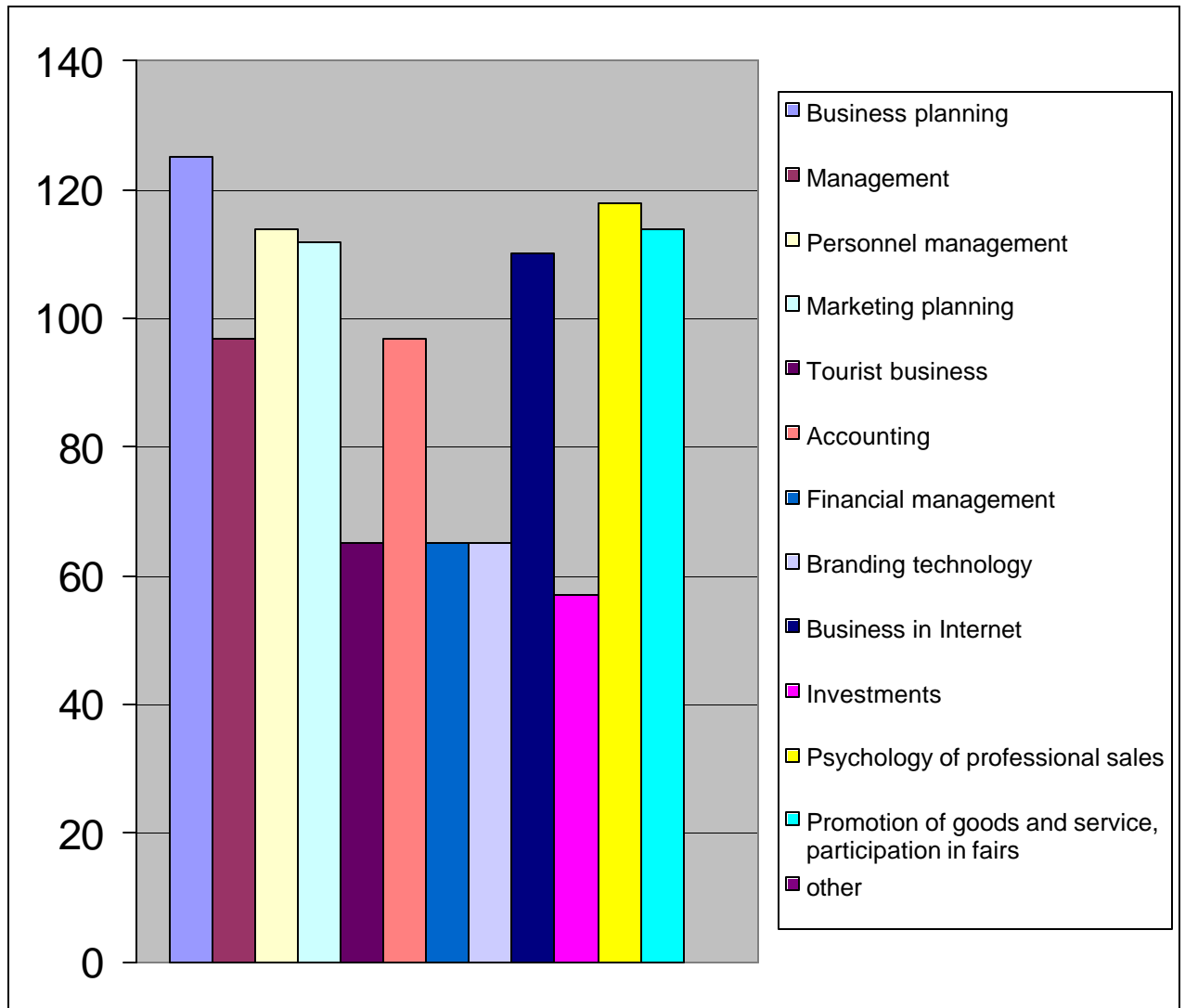
Training in human resource management generated less interest. But it most likely reflects the structure of the respondents. Business executives rank their personal gaps in education first and the desire to have qualified staff second (see Figure 4).

Figure 4



The most popular topics for training from the point of view of the entrepreneurs (Figure 5) are: business planning, psychology of professional sales, human resource management, promotion of goods and services and marketing planning. Less popular are doing business via the Internet, management accounting and forecasting. The demand for topics on tourism business, financial management, branding technologies and investments is the least.

Figure 5



The rating of the topics is provided below

Business Planning	125
Management	97
Human resource management	114
Business planning	112
Marketing planning	65
Tourism business	97
Accounting and taxation	65
Financial management, including costs management	65
Branding technology	110
Promotion of goods and services, participation in fairs	57
Doing business via the Internet	118
Investments	114
Psychology of professional sales	125
Other	97

This information confirms the existence of problems in promotion of goods, which indirectly addresses the need for marketing knowledge and difficulties faced by the personnel.

The most acceptable prices for consulting and training vary from 100 to 250 Rubles per hour. The large enterprises have mentioned 300-600 and 600 and more Rubles. Several have reported to be ready to pay any price if they find that consulting service is truly important for them and will assist business.

To learn more about ESD Project, please visit: www.esdproject.ru

